JUNE 8, 19

THE UNIVERSITY OF MICHIGAN
JUN 8 1964
PERIODICAL READING ROOM

MEXICO JOINS WHEAT EXPORTERS

DANISH FARM PRODUCTS TAILORED TO DEMAND

OUR FAR EASTERN COTTON MARKET

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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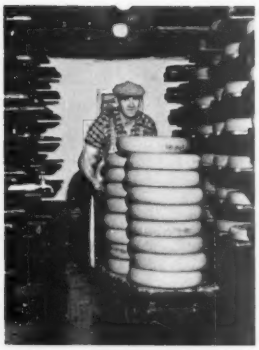

Danbo cheese in this Danish curing house will likely end up in West German markets. See story, page 5, on Denmark's specialized production of cheese and other farm items.

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DEPOSITED BY THE
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Combine harvesting Mexican wheat.

Mexico Joins Wheat-Exporting Nations Of the World

By HENRY HOPP
U.S. Agricultural Attaché
Mexico City

This year witnesses a striking change in the wheat trade position of Mexico—only a decade ago, a sizable net importer and an important U.S. market. Mexico now becomes a net exporter. It has brought its wheat production up to and beyond the point of self-sufficiency, and now looks for customers beyond its own borders.

For 1964, Mexico's main customer will be Communist China. An official announcement by CONASUPO (the government price-control agency) places total exports from the 1963 crop at 440,000 tons and an additional 80,000 tons has been sold to be shipped from the 1964 crop. Most of this wheat will go to the Chinese Mainland.

MEXICO'S FOREIGN TRADE IN WHEAT

Year	Imports	Exports
Average:	*Metric tons*	*Metric tons*
1940-44	196,145	(1)
1945-49	277,689	1,739
1950-54	315,117	(1)
1955-59	22,897	66
Annual:		
1960	10	5
1961	(1)	1
1962	493	1,034
1963	(1)	72,331

[1] Less than ½ metric ton.

As recently as the early 1950's Mexico was importing an average 315,000 tons of wheat a year, or about half as much as it produced. During the last half of that decade, its imports fell to an average 23,000 tons, and by 1960 the Mexican market for foreign wheat was a thing of the past. Mexico was not only supplying its own needs but beginning to build up wheat surpluses. This year's exports will be equivalent to one-fourth of production.

How wheat production was increased

This change from net imports to net exports is the result of a remarkable increase in wheat production. Until 1949, the wheat crop was about 15 million bushels, with little change from year to year. In contrast, the 1963 crop was 66 million bushels, and a similar crop is expected for 1964. This surprising production jump has been associated with a 50-percent rise in area and a threefold one in yields.

For the phenomenal rise in yield, two factors are largely responsible—research and irrigation.

Mexico's early research work in wheat was done in the central region, mostly near Mexico City and in the Bajío area of Michoacán. It has been carried on since 1943 through a cooperative program of the Rockefeller Foundation and the Mexican Department of Agriculture. In 1948, wheat breeding was extended to Ciudad Obregón, Sonora, in northwest Mexico. This is still the main research area, but testing is now being done in all the important wheat-producing areas. The agency now operating the program is the National Institute of Agricultural Research, with headquarters in Mexico City.

The first improved variety released under this program—Supremo—was put out in 1947. It was selected from a set of imported wheats, mostly from the United States. But continuous replacement by new varieties has been necessary as previous ones become susceptible to rust. Prominent varieties in recent years have been classed in the Lerma Rojo, Yaqui, and Sonora series.

Before rust-resistant wheats were developed, farmers controlled rust largely by keeping their seeding rates low—about 18 pounds per acre—and using little fertilizer, so that stands would be thin. Yields were about 15 bushels per acre in the northwest and less in other areas. Now, with the newer varieties, seeding rates and fertilizer use have been increased; and with up to 80 pounds of seed and 100 pounds of nitrogen per acre, yields as high as 60 bushels per acre are being obtained.

However, intensive nitrogen fertilization for high yields has produced stalks so heavy with grain that they tend to fall easily. This problem is being solved by the development of short, stiff-straw varieties. The first were released 2 years ago; this year they are expected to account for 85 percent of the wheat planted in the Yaqui and Mayo Valleys of the State of Sonora and in the Bajío, an old wheat-producing area centered around the States of Guanajuato and Michoacán. The principal dwarf varieties now being used are Sonora 64 and 64-A, Lerma Rojo 64 and 64-A, Mayo 64, Pitic 64, and Penjamo 62. Tall varieties this year are Náinari 60 and Nadadores 63.

The increase in irrigation, especially in the northwest, has been as important as these research advances. Expansion was especially rapid from 1947 to 1958. In 1946, there were 2,016,000 acres under irrigation in Federal irrigation

Left, dwarf and tall varieties of wheat are contrasted at a field day. Above, experiment station worker measures February height of wheat that had heavy nitrogen fertilization against that of wheat getting none.

districts; by 1958, there were 5,464,000. At present, the area in the irrigation districts is estimated at 6,200,000 acres. Along with this increased area has come increased frequency of irrigation, from an average of three per season to as many as six.

The large irrigation projects, especially those in the Mayo and Yaqui Valleys, have shifted the center of wheat production to the northwest. In 1940, the central part of Mexico was the most important wheat area, with 43 percent of the crop; the northwest had 17 percent. By 1960, however, while production had increased in all major areas, the northwest accounted for 54 percent of the total, and it will probably supply 69 percent of the 1964 crop.

Production outlook

The rapid acceptance of research results by Mexican farmers indicates that wheat production could significantly increase in the future. Mexican wheat growers produce almost entirely for commercial sale. They are looking for maximum yield and profit—and, apparently, with success.

In the last several years, Mexican wheat yields have gone up dramatically. From the 1945-49 period to 1960, the national average increased by 69 percent; from 1960 to 1963, by 55 percent. Still further yield increases can be expected. The 1963 yield average of 32.7 bushels per acre is less than half that already obtained in farm tests. With applications of 100 to 125 pounds of nitrogen per acre, capacity for yields of 60 to 80 bushels have already been demonstrated. A national average of 40 bushels per acre is certainly within sight in the next few years.

While yields have been going up, the planted area has gone down somewhat. From a high of 2,366,000 acres in 1959, area decreased to 2,005,000 in 1963, and a further slight decrease is anticipated for 1964. This trend reflects the price relationship among various farm crops.

Mexican wheat is being supported at the highest peso price in history. Ever since 1955, the base support price has been 913 pesos per metric ton (1,005 in Baja California). However, in dollar terms, the price is now equivalent to $1.98 per bushel—definitely lower than either the price of $2.46 in 1947 before the 1948 devaluation or the price of $2.39 in 1953 before the 1954 devaluation.

A more pertinent measure of wheat prices would compare them with consumer purchasing power. From this point of view, wheat is becoming a cheaper product in Mexico. From 1940-44 to 1963, the farm and wholesale prices of wheat, relative to the per capita national income, declined by 47 percent and 42 percent, respectively.

With more wheat available and consumer incomes turning upward, Mexico's annual per capita wheat consumption has been gradually increasing also—from 65.9 pounds in 1940-45 to 82.7 pounds in 1963. And with population growing some 3 percent per year, total consumption in 1963 is about twice that of the earlier period.

Further rapid increases in consumption can probably not be expected for the immediate future. Per capita consumption appears to have leveled off in the past several years, though population growth will continue to gradually increase total demand.

Improved farming methods provide a wide margin for increased productivity and prices. But greater production is not expected to result in lower farm prices; the government's price support program is now quite effective and there is little prospect of a reduction in the support price. Mexico is therefore likely to continue producing exportable wheat surpluses for several years to come.

The availability of these surpluses is somewhat of a mixed blessing to Mexico. The farm price of 913 pesos per metric ton is equivalent to $73 and close to $80 f.o.b. Guaymas or other West Coast shipping points. This implies an export subsidy of some $15 to $20 per ton. This year's foreign sales are being made directly by CONASUPO, which is absorbing the loss.

In view of the price differential, Mexico's wheat exports in the future would have to come out of government stocks, unless some modification is made in production and price policies. Among the proposals being discussed are these: Continuation of exports under the present policies, with government absorbing the loss; a two-price system, with export wheat sold at world prices; reduced production through government limitations on farm credit and irrigation water; increased government sale of wheat products domestically to poor people.

Danish Farm Products Tailored to Market Demands

By HAROLD L. KOELLER
U.S. Agricultural Attaché, Copenhagen

Denmark, which is less than one-third as large as Iowa, has long been one of Europe's leading exporters of farm products. What has helped Denmark to retain this lead is the high quality of its commodities, which are produced by farmers who have become experts in gearing their production to the demands of the export market.

Producers have accomplished this by limiting their output for the farm export trade—which accounts for about 48 percent of total foreign exchange earnings—to a few products and by shipping practically all these products to West Germany and the United Kingdom.

To be specific, Denmark is dependent upon Great Britain as an outlet for bacon and butter and on West Germany as a market for live cattle, cheese, chickens, and eggs. This specialization tends to be both a weakness and a strength of Danish agriculture, a weakness in that Denmark is too dependent on economic and political developments in either of the major markets and a strength since products adapted to specific markets are difficult to replace and generally command favorable prices.

British demand lean pigs

Perhaps the outstanding example of Denmark's tailoring products to market demand is the Landrace hog.

Denmark produced this breed of fat hogs for the German market until 1887, when Germany prohibited imports of Danish hogs. At that time, Danish farmers turned to the British bacon market as an outlet for their production; however, they found it necessary to breed and produce lean hogs to satisfy the British demand for back-bacon.

The transformation of the Landrace hog into a meat animal was subsequently begun at the swine breeding centers—established in 1895 by hog producers through their farm organizations. By the early 1900's, the Landrace had been changed into a meat-type hog. However, the selection continued until, today, most Danish pigs are so long and lean that they actually have two extra ribs!

Improvements are still going on. Farm advisers keep Danish farmers informed on the latest result of the experimental farms' research on feeding rations and practices. These advisers, in turn, keep their information up-to-date through semiannual meetings with the researchers.

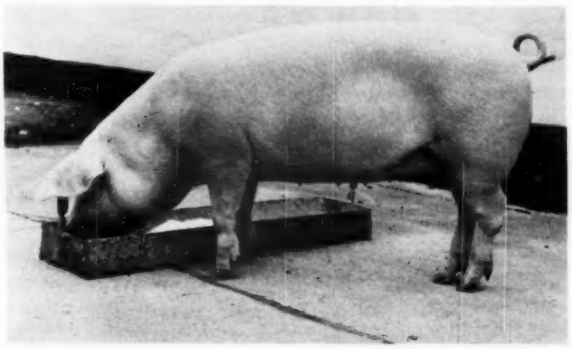
To provide a product ideally suited to the British market, farmers breed and feed pigs according to methods required to produce a lean bacon hog. From this specially fashioned raw material, the bacon factories produce Wiltshire sides to meet British specifications. The salted sides, marked to show their Danish origin, then are shipped to Britain where they are smoked and cut up or sliced and wrapped.

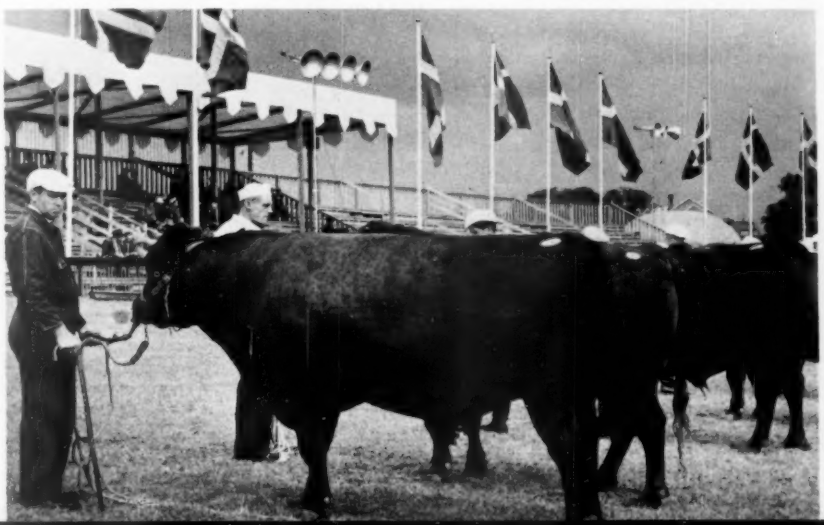
Some of these are prepared in plants operated by the Danish bacon factories. The bacon factories, mostly cooperatives, carry out market promotion activities in Britain to further develop the bacon market there. They are assisted by the Danish Agricultural Marketing Board, an organization set up by farm organizations and cooperatives.

Danes upgrade dairy products

Danish cows are almost as specialized as are the bacon pigs.

Since the grain crisis in the early 1880's, when the first cooperative dairy was established in Denmark—and probably in the world—Danish farmers have been concentrating on turning out high-quality butter for the British market. Their efforts have included improvement of the productivity of Danish cows, both in total milk output and the percentage of butterfat in the milk, eradication of diseases from cattle herds, establishment of modern dairies to process the milk into butter, and maintenance of strict





Top right, Danish Landrace bacon hog ready for market. After years of selection, this former fat-type hog was transformed into a meat animal. Right, Danish Red bulls at Bellahoj Fair, Copenhagen, display the beef traits of dairy breed.

quality control to assure British customers that Danish butter would meet their requirements. Breeding associations,. milk-recording societies, progeny-testing stations, and research centers were established to assist in increasing the productivity of the cows. The leading dairy breed, Red Danish, was improved until by 1961, all cows with test records gave an average yield of 9,823 pounds of 4.26 percent milk.

The Danish dairy industry is guided, if not controlled, by the butter and cheese export boards which were set up by farm organizations, including the cooperatives. Quality control is exercised by government services.

No butter may be exported without the "Lurmark" trademark. This guarantees that the milk from which the butter was made came from herds free of tuberculosis and contagious abortion (diseases recently eliminated from Denmark), that the butter does not contain more than 16 percent water or less than 80 percent butterfat, and that the cream from which the butter was made was pasteurized. It is accompanied by a control number indicating the dairy of origin.

Large-scale Danish cheese production is of more recent origin, having developed since World War II. In 1952, the Danish dairy industry subscribed to the international convention on cheese names. Eleven kinds of cheese, which had gradually acquired their own special characteristics, were given Danish names. Perhaps the best known to U.S. cheese consumers is Danablu, the Danish blue cheese, which accounts for about 9 percent of total production. Danbo, Havarti, and Samsoe, the main kinds, are well received in West Germany, the principal market for Danish cheese.

Danish dairies produce cheese from pasteurized milk and take great pains to assure a high-quality product. These are packaged attractively and promoted in foreign markets by advertising campaigns carried out by the cheese export board, sometimes with the assistance of the Agricultural Marketing Board.

Broiler industry a big money-earner

Denmark has developed a broiler industry during the last 10 years. Today it is one of the major broiler exporting countries of the world, competing strongly with the United States.

Generally using American production methods and American-type birds, Danish farmers produce rather small-sized broilers, principally for the German market. While the quality leaves much to be desired in comparison with U.S. standards, the birds, which dress to a weight of about 1½ to 2 pounds, are readily purchased by German consumers. The processing plants, both cooperative and private, turn out an attractively packed and evenly sized product.

It may be expected that, as time goes on, increased efforts will be made to improve quality and tailor Danish broilers to the foreign market. However, rising production within the European Economic Community threatens to cut back most of the larger outlets for this product, 80 percent of which is now exported.

U.S. To Benefit by EEC Tariff Cuts to Israel on Fruit, Vegetables

Benefits of the trade agreement initialed April 28 between the European Economic Community and Israel will be extended to the United States and other countries on a most-favored-nation basis, according to information now available to the U.S. Department of Agriculture. (This supplements and corrects earlier information reported in last week's *Foreign Agriculture.*)

Under the terms of this 3-year agreement, the Common Market has made reductions of up to 40 percent in the Common External Tariff (CXT) on 21 products of importance to Israel. In return, Israel will favorably consider requests from the EEC countries to facilitate their exports there. The agricultural products for which the CXT has been reduced, together with the new and old rates of duty (all applicable to the United States as well as to Israel), are as follows:

	New rate Percent ad valorem	*Old rate Percent ad valorem*
Avocados	8	12
Fresh grapefruit	7.2	12
Grapefruit juice	17.1	19

As before, grapefruit juice may also be subject to an additional duty on any sugar content in excess of 13 percent by weight.

Those Common Market countries whose national rates are higher than these levels will reduce them to the CXT level; and for several additional agricultural products, certain of the countries have agreed to aline their tariffs immediately with the CXT. The effective rate of duty for these products entering the specified countries will then be as follows:

	Rate Percent ad valorem	*Applicable country*
Fresh oranges:		
April 1 to June 14	15	France
October 16 to March 31	20	France
Dehydrated tomatoes	16	Germany
Dehydrated, dried, or evaporated vegetables other than potatoes, cauliflowers, onions, and mushrooms	16	Germany
Dried, broken, or powdered vegetables other than mushrooms	16	Germany
Orange juice	20	France
Other citrus fruit juices, except grapefruit juice	19	France

Finally, France agrees to remove quantitative import restrictions on canned grapefruit and to increase its import quota on citrus fruit juices.

The agreement will become effective July 1, 1964, if the contracting parties have ratified it by that date.

Dock workers at Valparaíso, load ship with fruit destined for New York. From mid-December through April, Chile's high-quality grapes, melons, and other fruit find a ready market in the United States, earning for Chile a substantial amount in foreign exchange.

Chilean Orchards Provide Off-Season Fruit for U.S.

The United States is an important off-season market for Chile's fruit. During this past December-April, the United States imported almost 1.4 million cases of fruit from Chile.

Hub of Chile's deciduous fruit industry is the central valley. Here fruit is grown about 2,000 feet above sea level and irrigated with water from the melting snows of the Andes Mountains, which form a 20,000-foot back-drop for the vineyards and orchards.

This area is similar to California in shape, climate, crops, and even in its tendency toward earthquakes. Its fruit, like California's, is of high quality, and is much in demand in U.S. markets during the Northern Hemisphere's winters.

Of Chile's approximately 76 million acres of agricultural land, about 400,000 are devoted to deciduous fruit production. About 250,000 acres are commercial vineyards, mostly for wine grapes. Some 15,000 acres of the remaining land are planted to table grapes; 18,000 each to apples and peaches; 8,000 to prunes; 5,000 to pears; and 1,500 each to apricots, cherries, and plums.

Production of all these fruits, excluding grapes, amounts to about 65,000 metric tons annually. Output of table grapes totals around 80,000 metric tons and that of melons, about 25,000.

Grapes are Chile's principal fruit export, but peaches, plums, apricots, cherries, and melons are also shipped. In recent years, exports of deciduous fruit have averaged about 12,000 metric tons; those of grapes, 7,000; and melons, 10,000. Largest purchaser is the United States, taking almost all of total shipments.

Although they represent less than 10 percent of Chile's fruit production, these exports are a sizable dollar earner —about US$5 million a year.

—JEROME M. KUHL
U.S. Agricultural Attaché, Chile

From the vineyard, grapes go to the packinghouses, where they are inspected, wrapped (below), and packed in boxes.

Below, a tractor hauls sled loaded with boxes of grapes through vineyard. Grapes are Chile's main fruit export.

Caladino Farm Seeds Official Outlines Export Techniques That Won Presidential "E" Award

At the White House on May 18, President Lyndon B. Johnson presented a Presidential Export "E" Award to the Caladino Farm Seeds, Inc., represented by its president, Carl G. Mehring, and manager, Harry D. Kinder.

Many of the reasons for the company's outstanding export record are here analyzed by Mr. Kinder.

Caladino Farm Seeds, Inc., is a grower-owner seed marketing cooperative that produces, processes, and markets Ladino clover and other farm seeds such as alfalfa, trefoil, Sudangrass, strawberry clover, vetch, and safflower. These are exported to Chile, Argentina, Uruguay, Japan, Korea, Australia, South Africa, Canada, France, Italy, the Netherlands, West Germany, Portugal, and England.

The company's export activities have increased steadily in both pound and dollar volumes during the past several years and today represent an essential part of annual business.

Caladino's export growth has come primarily from a strong desire to increase its total sales volume, with the realization that one of the best potential markets is the foreign market. As a result, our company has spent a great deal of time in learning the needs of foreign users, studying how to best meet these needs, familiarizing itself with export procedures, and generally building and maintaining a reputation among foreign customers so that they could look to Caladino as dependable shippers of high-quality seeds.

Export costs minor

Caladino's foreign market gains have cost the company very little in added expense, with the major expenditure being only in increased effort. We are operating with virtually the same number of personnel as we did before exports became a major factor in the company's sales program. The increased effort has paid off handsomely in spreading our marketing risks over many customers on an international basis, rather than in total dependence upon U.S. demand.

During the past several years, representatives of Caladino Farm Seeds visited firms in various countries in Europe and South America to better learn trade customs and to seek new sales outlets. During these personal visits, several exclusive sales and distribution arrangements were worked out which have made it possible to develop strong ties with many new foreign customers who can look to a local person for reliable market information and follow-through once the transaction has been made.

Caladino has also entered into contract seed production agreements with foreign firms for the production of varieties privately developed by these firms. The California climate is favorable for many kinds of seeds which cannot be economically grown in the country of origin.

Output is processed and sold through the 12 months of the year, so that Caladino has seed available any time domestic and foreign buyers want delivery. We have thus reduced the buyers' costs, especially in the Southern Hemisphere countries, by maintaining this year-round inventory upon which he can draw.

Buyer Specifications

To meet quality requirements of seeds among foreign countries, we blend various lots of seeds and ship a completely uniform quality to match the specifications of the buyer.

Today many of our foreign customers purchase our highest qualities, mainly because they previously were unaware of the high degree of processing U.S. sellers were capable of performing. Each country to which we ship has its own seed laws governing weed seeds, diseases, etc., which must be taken into account on each shipment.

We have also developed refinements in standard export packaging to better assure safe and sound arrival of our relatively high-value seed. Surveys among customers and freight handlers resulted in the development of standard packing, using double 12-ounce jute bags of the gross weight requested by the buyer. Special markings on each container as prescribed by the buyer is also a standard practice.

We are proud that, in shipping many millions of pounds of seed to foreign buyers over the past 10 years, we have never become involved in a dispute with a foreign buyer over quality, credit, or any other reason that required arbitration to settle.

President Johnson presents "E" Award to Mr. Mehring at White House. At far right is Secretary of State Dean Rusk and at his right, Secretary of Agriculture Orville L. Freeman. At far left is Secretary of Commerce Luther Hodges.

Potential in Japan and Hong Kong for U.S. Cotton

CARL CAMPBELL, Cotton Council International executive, returned recently from a market analysis tour in Japan, Hong Kong, India, and Pakistan, as part of the market development program carried on in 16 foreign countries by CCI and the Foreign Agricultural Service.

Here are excerpts from his report on two dollar markets for U.S. Cotton, Japan and Hong Kong.

Although the Japanese Government's current tight money policy is slowing down economic activity to some degree in Japan, the Japanese economy is continuing to expand at a significant rate.

Due to the shortage and high cost of labor, Japanese industry is giving more and more attention to modernization and automation of production facilities.

Japanese exhibits at this year's Osaka Trade Fair demonstrated the way Japanese industry has diversified and progressed during the past 15 years. Manufactured products of every imaginable kind and quality were displayed.

Although Japan is continuing to expand exports and tourism, the Japanese balance of payments is still a problem to the Japanese Government since the expanded economy requires more and more imported raw materials to satisfy the rising standard of living of the Japanese people.

During the 1963-64 season, Japanese imports of cotton will total around 3.2 million bales (500 lb. gross), with around 1.2 million bales coming from the United States. In 1964-65, indications are that total imports may rise to 3.4 million bales if mill consumption reaches the expected level, and with American cotton competitive in price and quality, 1.4 million bales may come from the United States.

Ex-Im Bank cotton credit

The Japanese cotton spinners have requested that the Japanese Government ask the U.S. Export-Import Bank for a cotton credit of $80 million for the 1964-65 cotton season. Indications are that the Japanese Government might favorably consider the spinners' request. For several years Japan has been receiving $60 million credit annually from the Ex-Im Bank for cotton.

In addition, Japanese trading firms have requested that the Japanese Government authorize them to seek $50 million credit for cotton from the Commodity Credit Corporation for the 1964-65 season. So far, there is no indication as to what action the Japanese Government may take.

Communist cotton purchases

Since indications are that Communist countries might begin to buy more and more cotton from Mexico and Central America, some Japanese consider that Japan will depend more on the United States as a source of supply in the future. A Mexican trade delegation that visited Communist China recently stopped off in Japan en route back home. The Mexicans reportedly told the Japanese that they expected to sell 200,000 to 300,000 bales annually to Communist China in the future.

One of the provisions of the Japanese Government's tight money policy requires that importers put up a cash deposit of 5 percent of the value of the cotton when they obtain their import licenses. In the past, the importers have had to provide only a 1 percent bank guarantee when they obtained their import licenses.

The Japanese spinners and traders have appealed to the government to abolish or reduce the cash deposit, as they say that it is an undue hardship on them. Since the deposit requirements of some other items that are imported are considerably higher than for cotton, it is unlikely that the government will meet their demands.

Demand for Japanese textiles

Export and domestic demand for Japanese cotton textiles is holding up reasonably well, and it is expected that cotton yarn production will continue at a reasonably favorable level.

However, the Japanese are concerned that the United States might decide to discontinue the Indonesian triangular program under P.L. 480 because of Indonesia's attitude in regard to Malaysia. If this happens, it might significantly reduce Japanese yarn exports as Japan has been the major processor of cotton for Indonesia under the triangular program.

It is expected that Japanese exports of cotton textiles in 1964 will be at about the same level and value as in 1963. Exports of cotton yarn are ex-

Fairs Start 1964 Promotion by Cotton Center in Japan

More than 10,000 visitors gave an enthusiastic reception to the first of four Cotton Grand Fairs which officially opened the Japan Cotton Center's 1964 promotion program. The other fairs are being held in Kyoto, Nagoya, and Tokyo.

The 2-day display, in which 45 wholesalers and 14 spinning companies took part, introduced new lines of 100-percent-cotton fabrics to small wholesalers and retailers.

The Cotton Center was established in 1963 by Japan's cotton spinners after noting the results from U.S. promotion of cotton in their country.

pected to total around 18,000 metric tons and cotton fabrics to total around 1.2 billion yards. Japan is producing finer and finer goods, and Japan's cotton yarn production now averages 31s to 32s count.

A new textile equipment law is currently being considered by the Japanese Parliament, and it is expected that it will be enacted and become effective October 1, 1964. Under the new law, it will be much more difficult for the government and the associations to control the industry and to keep demand and supply more or less in balance as they have been able to do under the present law.

New, modern spindles

Theoretically, the new law is supposed to put the industry on an "open economy" basis by the end of 1968. Between now and that time, it will permit the industry to establish and operate around 1.8 million new, modern spindles in addition to those currently in operation provided the spinners scrap the 3.5 million obsolete spindles that are now mothballed.

Under present law, cotton spindles can spin only cotton, staple fiber spindles only staple fiber, and synthetic spindles only synthetics. But, under the new law that probably will be enacted, spindles will be permitted to shift from one fiber to another. In view of this expected development, the All Japan Cotton Spinners' Association was reorganized and is now the Japan Spinners' Association.

Japan is continuing to try to expand trade with both Russia and Communist China and trade missions are periodically sent to and received from both countries.

Communist trade possible

Both Russia and Communist China are currently pressing Japan to supply more fertilizer to them, and Russia is asking for more synthetic fibers. China could supply Japan more iron ore and coal, but apparently Japanese steel mills do not like the quality of Chinese ore and coal that is offered, or they are hesitant to become dependent on China for their supplies of raw materials. Eventually, Japan might work out some reasonable basis of trade with both these Communist countries, but it will take a lot of time and effort.

The Japanese are still concerned about the discrimination practiced by some countries with respect to imports of Japanese goods. In fact, some reports indicate that the Japanese are fearful that the policies adopted by the Common Market will increase the discrimination against Japanese goods rather than decrease it.

Economic activity in Hong Kong is continuing at a satisfactory level, industrial production is increasing, and international trade is expanding. Hong Kong is diversifying its production and its marketing outlets. Indications are that Hong Kong's economic base is much more stable than it was a few years ago and that Hong Kong can view the future with confidence.

However, this does not mean that Hong Kong will not continue to have some economic problems. In fact, Hong Kong industrialists are beginning to experience some of the labor problems that industrialists in other countries have been experiencing for years, and are having to make more and more concessions to labor.

Indications are that Hong Kong will import a total of around 500,000 bales (500 lb. gross) during the 1963-64 cotton year, with about 15 to 20 percent coming from the United States.

Cotton imports steady

In 1964-65, it is expected that total imports of cotton will be at about the same level even though more spindles probably will be operating, since the tendency in Hong Kong is to spin finer yarns and since it is expected that more and more spindles will be used to spin cotton-synthetic blends.

Although Hong Kong on the average will want better and better cotton as the average count of yarn spun in Hong Kong increases, it is anticipated that Hong Kong will continue to be a "price-conscious market."

Apparently, the port warehouse facilities in Hong Kong are not being expanded fast enough to keep up with the increased demand resulting from Hong Kong's stepped up economic activity; consequently, the port warehouses are very crowded. According to reports, one of the port warehouses has indicated that it may begin to store cotton in the open which would not be practicable for any length of time.

Hong Kong currently has around 650,000 spindles operating, with about 30,000 of them being used to spin cotton-synthetic blends. By the end of 1964, it is expected that Hong Kong will have around 700,000 spindles operating and that about 50,000 of them will be spinning cotton-synthetic blends.

The Hong Kong industry is continuing to modernize, rationalize, and integrate vertically as it faces increasing competition and as it becomes more difficult to recruit and keep labor.

The Hong Kong cotton textile industry was sorry to see the passage of U.S. legislation which equalizes the price of cotton for domestic purposes in the United States, as the industry considers that the new legislation worsens Hong Kong's competitive position in the American market.

Textile export volume

However, it does not appear that most people expect any significant drop in the volume of Hong Kong's total textile exports to the United States, but it is recognized that the volume of exports of certain items might be adversely affected.

To the observer, Hong Kong's adherence to the concept of stabilizing and controlling international trade in textiles has been a blessing in disguise in many respects. It has stimulated the industry to diversify its production and generally raised the quality of its products, thus improving Hong Kong's competitive position.

It has forced them to seek alternative markets and not "put all their eggs" in two baskets — the United Kingdom and the United States. Furthermore, it has forced the industry to more properly evaluate its position and not take action for expediency that might cause serious problems to the industry in the long run.

Highly processed textiles

The Hong Kong Government recently adopted a policy that will give preferential consideration to the export of more highly processed textiles. In other words, generally speaking, the government will give top consideration to the export of made-up goods, then to finished fabrics, gray fabrics, and finished yarns, and lastly to gray yarns. The government considers that this policy will result in the textile industry making the biggest possible contribution to the economy of Hong Kong. Of course, this policy would have to be tailored to meet the demands of potential foreign buyers.

Under the Longterm Geneva Arrangement, Hong Kong is entering into more and more bilateral agreements specifically controlling textile exports to certain countries.

French Halve Beef Import Duties

The French Government has announced that import duties on fresh, refrigerated, or frozen beef and beef variety meats from third countries will be reduced until June 30 from 20 percent ad valorem to 10 percent. Duties on imported slaughter cattle were also reduced, from 16 percent to 8 percent.

Australian Meat Shipments to the United States

Four ships left Australia during the third week of April and the first week of May with 21,201,600 pounds of beef, 2,378,880 pounds of mutton, and 11,200 pounds of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Western ports			*Pounds*
Ellen Bakke, April 18	Seattle	June 10	Beef	103,040
	Tacoma	12	Beef	105,280
	Portland	13	Beef	78,400
	Los Angeles	21	Beef	33,600
	San Francisco	25	Beef	76,160
Mariposa, May 7	San Francisco	May 24	Beef	53,760
			Mutton	22,400
	Los Angeles	29	Beef	181,440
	Eastern and Gulf ports			
American Star, May 2	Houston	May 24	Beef	736,960
			Mutton	201,600
	New Orleans	26	Beef	759,360
	Tampa	28	Beef	624,960
	Savannah	31	Beef	528,640
			Mutton	33,600
	Norfolk	June 2	Beef	781,760
			Mutton	302,400
	Philadelphia	4	Beef	864,640
			Mutton	134,400
	New York	7	Beef	7,047,040
			Mutton	69,440
	Boston	11	Beef	896,000
Northumberland, May 5	Charleston	6	Beef	575,680
			Mutton	799,680
	Norfolk	9	Beef	472,640
			Mutton	33,600
	Boston	12	Beef	1,005,760
			Mutton	141,120
	New York	13	Beef	5,821,760
			Mutton	338,240
			Var. meats	11,200
	Philadelphia	20	Beef	454,720
			Mutton	302,400

[1] Cities listed indicate location of purchaser and usually the port of arrival, but meat may be diverted to other areas for sale.

Norway's Tobacco Imports Lower

Norway's imports of unmanufactured tobacco in 1963 totaled 12.8 million pounds, compared with 13.7 million in 1962. The U.S. share of the Norwegian import market was 65 percent in 1963, against 72 percent in 1962 and 63 percent in 1961.

Norwegian purchases of U.S. leaf in 1963 were 8.3 million pounds, compared with 9.8 million in 1962. Imports from the Rhodesias-Nyasaland—mostly flue-cured—totaled 1.9 million last year, a little larger than in 1962.

Other principal sources of Norway's tobacco imports last year included Japan, Canada, Turkey, Greece, and Thailand.

Average import prices paid for tobacco from major suppliers in 1963, in terms of U.S. equivalents, were as follows: The United States 76.4 cents, the Rhodesias-Nyasaland 51.8, Japan 63.9, and Canada 66.2

NORWAY'S IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1961	1962	1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	7,064	9,838	8,283
Rhodesia-Nyasaland	2,110	1,854	1,944
Japan	476	502	639
Canada	150	149	545
Turkey	619	107	507
Greece	348	346	344
Thailand	271	394	344
Others	128	525	198
Total	11,166	13,715	12,804

Italy's Leaf Tobacco Trade Down

Italy's trade in unmanufactured tobacco went down during 1963.

Imports last year totaled 62.9 million pounds—off 18 percent from the 1962 high of 76.7 million but still the second largest on record. Reduced imports from Turkey, Yugoslavia, Indonesia, Greece, and Brazil more than offset increased takings from the United States, Bulgaria, and the sizable purchases from the Rhodesias-Nyasaland, Argentina, and Mexico.

ITALY'S IMPORTS AND EXPORTS OF UNMANUFACTURED TOBACCO

Country of origin or destination	Imports		Exports	
	1962	1963	1962	1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United States	13,757	18,694	3,689	2,252
Brazil	12,032	11,396	—	—
Greece	8,133	7,702	—	—
Mexico	(1)	6,374	—	—
Rhodesia & Nyasaland	(1)	5,144	—	—
Argentina	(1)	4,926	—	—
Indonesia	10,898	4,146	—	—
Bulgaria	1,598	3,126	—	—
Germany, West	—	—	24,729	13,732
Netherlands	—	—	5,321	2,938
Switzerland	—	—	2,604	2,473
Belgium-Luxembourg	—	—	2,466	—
Yugoslavia	2,035	(1)	—	—
Turkey	26,026	(1)	—	—
Others	2,181	1,348	3,056	3,204
Total	76,660	62,856	41,685	24,599

[1] If any, included in others.

Statistica Mensile del Commercio con L'Estero, December, 1962 and 1963

Exports during 1963 dropped to 24.6 million pounds from the 1962 high of 41.7 million. Smaller shipments to all major markets last year accounted for the decline. Shipments to West Germany—leading export market—fell to 13.7 million pounds from 24.7 million and those to the Netherlands, to 2.9 million from 5.3 million. Also, shipments to the United States, at 2.3 million pounds, were only about three-fifths the 1962 level of 3.7 million.

Finnish Cigarette Output Sets New Record

Cigarette output in Finland during 1963 reached a new high of 7,231 million pieces, up 7.9 percent from the 6,701 million produced in 1962. Output during 1964 is

not expected to rise further, however, for consumption may be limited by a sales tax which became effective on January 1, 1964, and which has advanced the average retail price of cigarettes about 11.2 percent.

Filter-tipped cigarettes continued to increase in popularity during 1963. They accounted for 62.1 percent of the market last year, compared with 59.9 percent during 1962 and 54.6 percent in 1961.

Greek Tobacco Exports Rise in 1963

Greek exports of unmanufactured tobacco in 1963, at 134.9 million pounds, were 29 percent larger than the below-normal 104.5 million exported in 1962.

The United States took first place as a market for Greek leaf last year, purchasing 45.3 million pounds—more than 4 times as much as in 1962. Shipments to West Germany, second most important outlet, were 38.8 million in 1963, compared with 27.2 million in 1962. Other countries ranked in order of importance as follows: the USSR, Italy, Belguim-Luxembourg, France, Poland, Czechoslovakia, and Switerland. All these except Belgium-Luxembourg and Poland took less Greek tobacco in 1963.

Exports of tobacco to the six Common Market members totaled 52.5 million pounds in 1963, compared with 50.7 million in 1962. Total exports to Soviet Bloc countries were 18.2 million in 1963, against 19.1 million in 1962. In 1961, such exports totaled 31.8 million.

Average export prices per pound for Greek leaf, by major destinations, expressed in U.S. equivalents were as follows: The United States 98.9 cents, West Germany 76.7, USSR 99.3, Italy 75.3, Belgium-Luxembourg 70.3.

GREEK EXPORTS OF UNMANUFACTURED TOBACCO

Destination	1961	1962	1963 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	35,210	10,057	45,307
Germany, West	36,629	27,203	38,816
USSR	14,094	9,614	8,060
Italy	126	11,574	4,484
Belgium-Luxembourg	4,544	2,068	3,887
France	8,843	9,169	3,728
Poland	2,090	3,448	3,563
Czechoslovakia	5,939	3,095	3,067
Switzerland	4,451	5,408	3,062
Japan	3,404	1,925	2,628
Yugoslavia	—	4,444	2,579
Germany, East	3,607	893	2,158
Finland	3,629	1,687	1,702
Netherlands	1,389	1,808	1,591
Austria	3,503	2,535	1,517
Sweden	2,729	1,548	1,387
Hungary	6,071	2,116	1,380
Others	9,045	5,924	6,028
Total	145,303	104,516	134,944

[1] Preliminary; subject to revision.

Indonesian Molasses Exports Delayed

The lack of rail transportation facilities, mostly locomotives, has curtailed the export of Indonesian molasses. Much of Indonesia's 1963-64 (April-March) production has not left the inland storage facilities at the various sugarmills. These facilities are nearly full, while those at the leading port of exportation, Surabaya, are being utilized to only a limited extent. This poses a serious handling problem for the molasses being produced from the 1964-65 crushing campaign, which is just beginning. Indonesia produces about 30 million gallons of molasses per year.

Australian Dried Vine Fruit Pack Sets Record

Australia's 1964 dried vine fruit pack is estimated at a record 111,500 short tons compared with the below-average pack of 76,300 tons in 1963. The 1964 production estimates according to type of fruit (with comparable 1963 figures in parentheses) are sultana raisins 90,000 tons (61,300), lexia raisins 8,400 (7,600), and currants 13,100 (7,500). If the present estimate proves accurate, the 1964 sultana pack will be slightly larger than the record 89,500 tons produced in 1962.

Australian raisin exports declined to 57,688 short tons in 1963, from 74,227 in 1962. In both years, most of the exported raisins were sultanas. The United Kingdom remained the leading buyer with 41 percent of the market, down from 58 percent for the year before. The share of total exports going to other markets in 1963, with comparable figures for 1962 in parentheses, was Canada 31 percent (23), New Zealand 11 (7), West Germany 8 (5), Japan 3 (4), other countries 6 (3).

Supplies of raisins available for export in 1964 are estimated at 83,000 tons, most of which will again be sultanas. The United Kingdom is expected to take well over half these. The United States is not a significant market for Australian raisins or currants.

AUSTRALIA'S EXPORTS OF DRIED VINE FRUITS

Destination	1962			
	Raisins			Currants
	Sultanas	Lexias	Total	
	Short tons	*Short tons*	*Short tons*	*Short tons*
United Kingdom	40,578	2,341	42,919	380
Canada	15,890	888	16,778	2,326
New Zealand	4,637	806	5,443	873
West Germany	3,495	—	3,495	—
Japan	2,872	21	2,893	107
Other Countries	2,652	47	2,699	1,156
Total	70,124	4,103	74,227	4,842

Destination	1963			
	Raisins			Currants
	Sultanas	Lexias	Total	
	Short tons	*Short tons*	*Short tons*	*Short tons*
United Kingdom	21,864	1,575	23,439	127
Canada	16,603	1,084	17,687	1,868
New Zealand	5,289	1,064	6,353	794
West Germany	4,400	—	4,400	—
Japan	1,431	103	1,534	20
Other Countries	4,194	81	4,275	805
Total	53,781	3,907	57,688	3,614

West German 1964 Hops Acreage at Postwar High

The West German 1964 hops producing area is estimated at 22,420 acres capable of full production plus a moderate acreage of new plantings. This is the largest acreage that has been under hops in West Germany since 1936, when 23,761 acres were grown in the area now included within that country's boundaries. With reasonably good growing and harvesting conditions, the 1964 crop should exceed the record 1959 crop of 39,706,000 pounds.

The 1963 crop, grown on 22,420 acres (of which 1,898 were newly planted and not yet in full production), is now estimated at a near-record 39.7 million pounds. Record domestic and strong export demand for German hops during the present September-August marketing season have resulted in a strong market for this product. Prices paid to producers for the 1963 crop ranged from

US$.57 to US$1.13 per pound for pre-harvest contracts and from US$.91 to US$1.32 for hops not covered by contract. These prices are remarkably high, not only when considering the large size of the crop but also in light of reports that many lots of hops are poor in quality.

Because of the large crop and the too rapid mechanization (2,500 picking machines in 1963 compared with 2,000 in 1962), drying kilns were inadequate to handle the crop without damage. This resulted in increased incidents of hops being either too damp or overdried and scorched. Too rapid mechanization was also blamed for the excessive foreign-matter content of many lots.

The United States continues to dominate West German trade (both import and export). September 1963-February 1964 data show that the United States bought 3 million of the 10 million pounds sold by Germany and supplied 2 million of the 9 million imported by Germany. Half of all West German hops exports during this period went to other areas in Europe where U.S. hops have not sold too well in the past. Relatively few West German hops (except those shipped to the United States) are sold to non-European areas, where U.S. hops are very popular because of their competitive price.

Frost Damage to Turkish Sultanas

Frost in the Aegean region the end of April and early May is believed to have reduced the 1964 crop of Turkish sultanas by about 10 percent, to around 70,000-80,000 short tons. Damage occurred mostly in low-lying localities and was confined to the lower leaves of the trees.

Fig orchards were not affected by frost. However, lack of rain may result in smaller fruit than last year.

Swedish Tall Oil Production Rises

Swedish production of tall oil in 1963 is estimated at 85,100 short tons compared with 74,300 in 1962 and 54,500 in 1961. This rise has resulted from continued expansion in the pulp industry, reflecting increased activity by organized farm forest owners.

Tall oil exports from Sweden in 1963 totaled 26,228 tons, or 14 percent above the 22,971 of 1962. Major markets in 1963 were West Germany 11,953 tons, the United Kingdom 2,826, the Netherlands 2,789, Norway 2,347, and Italy 2,159.

Under the influence of rising prices and demand, exports in 1964 are expected to increase. Swedish f.o.b. export prices for crude tall oil in 1963 averaged 370 kroner per metric ton (US$78.89 per short ton) compared with 352 kroner in 1962 (US$75.04).

Canadian Rapeseed Exports Dip Slightly

Canadian rapeseed exports through February of the current marketing year (August-July) totaled 86,724 short tons, slightly below those in the same period of 1962-63. Despite the increased harvest in 1963, exports in the entire marketing year are not expected to exceed 140,000 tons. The decline reflects stock building, possibly influenced by the decline in export prices.

In 1963, Japan, because of a reduced crop, displaced Italy as the major market for Canadian rapeseed exports. Since exports have accounted for about three-fourths of the total rapeseed market for Canadian farmers, domestic rapeseed prices are determined primarily by export demand.

Recent declines of 20 to 30 cents per bushel in prices received by farmers may dampen enthusiasm for an expanded acreage this year. However, even at the reduced level, prices are attractive enough for some expansion. Rapeseed returns in value per acre last fall were second only to those for wheat. A strong demand for seed is reported and acreage in 1964 could set a new record, assuming no further price decline.

CANADA'S EXPORTS OF RAPESEED

Country of destination	Marketing year beginning August 1			August-February	
	1960	1961	1962	1962	1963
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
United States	360	58	966	828	4,070
Belgium	6,006	2,800	375	375	—
France	24,395	8,550	—	—	—
Germany, West	15,759	5,786	9,734	9,654	—
Italy	74,221	79,971	31,333	20,797	1,994
Netherlands	22,706	24,719	9,289	9,120	798
United Kingdom	4,228	2,363	1,820	1,260	2,296
Algeria	33,548	12,225	13,888	—	—
Japan	21,870	28,492	77,636	48,154	77,566
Total	203,093	164,964	145,041	90,188	86,724

Compiled from *Foreign Trade of Canada* and records of the Board of Grain Commissioners.

CANADA'S SUPPLY AND DISTRIBUTION OF RAPESEED

Item	Marketing year beginning August 1				
	Average 1956-60	1960	1961	1962	1963
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Supply:					
Stocks, August 1	8.0	6.0	20.0	67.5	15.0
Production	185.5	278.0	280.5	146.5	209.0
Total supply	193.5	284.0	300.5	214.0	224.0
Distribution:					
Exports:					
Seed	134.0	203.1	165.0	145.1	140.0
Oil (seed basis)	2.5	0.7	1.1	0.3	—
Apparent domestic consumption	44.5	60.2	66.9	53.6	56.5
Stocks, July 31	12.5	20.0	67.5	15.0	27.5
Total distribution	193.5	284.0	300.5	214.0	224.0

Compiled from official and other sources.

Rapeseed now appears to be firmly established as a traditional crop in the northern section of Saskatchewan and Alberta Provinces. The crop previously had been widely grown throughout the three Prairie Provinces, but experience has proved that rapeseed is not so well suited to the southern region of the grain belt.

Canadian crushings of rapeseed in 1963-64 may decline slightly from last year, despite the increased crushing capacity added by a new Saskatchewan mill which began operations in September. This decline reflected the low crushing margins due to the fact that export prices were high for seed but not for rapeseed oil. Consequently, rapeseed oil exports continue to be small.

Burma To Purchase More Nigerian Peanuts

The Government of Burma is making arrangements to purchase 150,000 tons of peanuts from Nigeria during the current financial year, according to press reports of May 18. The reports further state that Burma's peanut production is expected to be below normal this year because of adverse weather but that domestic production plus imports from Nigeria will provide sufficient cooking oil for this year and next.

This reportedly is the first public admission that the poor crop was at all responsible for the cooking-oil shortage. Previously, the government had blamed the oil millers and brokers.

Earlier the press had reported that oilseeds are in short supply in the Dry Zone of Burma, the most important oilseed-producing area. As a result of the reduced supply and the high prices of available seed, farmers have been unable to take advantage of early favorable rains and probably will plant only half of the previous year's acreage of sesame. Peanut seed is quoted at 30 kyats per 25-pound basket (25 cents per lb.) in contrast to last year's price of 15 to 20 kyats (13 to 17 cents).

During the last harvesting season, the government purchased all oilseeds, promising farmers that they could, when necessary, purchase cooking oil and seed from the government. However, as a result of a cooking-oil shortage, it appears that the government crushed for oil all stocks of peanuts and sesame, even a large part of that usually reserved for seeding the following crop.

Reportedly, Burma recently requested tenders for 50,000 tons of peanut oil in addition to purchases of 50,000 tons of peanuts from Nigeria and 20,000 to 30,000 tons of oil from India.

Brazil's Oilseed Exports Down, Oil and Meal Up

While Brazilian exports of oilseed in 1963 declined sharply from 1962, exports of vegetable oils and oilcakes and meals increased significantly. Oilseeds, vegetable oils, and oilcakes and meals continue to be important earners of foreign exchange for Brazil.

BRAZIL'S EXPORTS OF OILSEEDS, VEGETABLE OILS, CAKES AND MEALS

Item	1961	1962	1963
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Oilseeds:			
Peanuts (shelled)	3.2	21.9	14.9
Do (unshelled)	1.4	—	—
Soybeans	73.3	96.8	33.4
Sesame	.8	3.5	.8
Flaxseed	4.5	7.0	24.5
Castorbeans	.2	—	—
Babassu kernels	—	9.3	—
Others	.5	.2	.2
Total	83.9	138.7	73.8
Vegetable oils:			
Peanut	—	.2	8.4
Cottonseed	1.8	.6	4.4
Babassu	1.8	3.3	.6
Castor	90.8	60.8	77.3
Oiticica	11.8	19.0	6.3
Tung	1.1	.2	1.6
Others	.7	.9	.8
Total	108.0	85.0	99.4
Oilcakes and meals:			
Peanut	112.9	83.7	107.8
Cottonseed	33.0	3.7	33.4
Soybean	35.0	49.1	62.0
Babassu	14.6	20.0	16.3
Linseed	3.1	2.2	11.3
Castor	9.9	3.1	—
Others	3.8	1.6	7.0
Total	212.3	163.4	237.8

Compiled from official sources.

Compared with those in 1962, soybean exports in 1963 declined one-sixth, peanut exports one-third, and sesame-seed exports three-fourths. There were no exports of babassu kernels compared with 9,000 tons exported in 1962. In contrast, exports of flaxseed more than tripled those of 1962, totaling the largest volume in years.

Among the vegetable oils, exports of castor oil far outrank all others, and in 1963 they increased by over one-fourth from the previous year. Shipments of peanut, cottonseed, and tung oils, though relatively small, also increased in 1963, but those of babassu and oiticica oils declined markedly.

The overall expansion of 45 percent in exports of oilcakes and meals in 1963 reflects increases in all categories except babassu and castor.

Brazil imports annually small quantities of oilseeds and products, but olive oil is the only item imported in sizable volume. Olive oil imports in 1963, however, were only 5,664 tons compared with 10,597 in 1962.

Philippine Exports of Desiccated Coconut Increase

Registered shipments of desiccated coconut from the Philippines during April totaled 6,573 short tons, against 4,528 in April 1963.

Shipments during January-March amounted to 12,707 tons, compared with 11,721 in the same period of 1963, bringing the cumulative 4-month total in 1964 to 19,280 against 16,249 in 1963.

During January-April, 16,335, 1,353, and 1,207 tons were shipped to the United States, Australia, and Canada, respectively, compared with 13,414, 1,232, and 544 in the same period a year ago.

Philippine Copra and Coconut Oil Exports

Data on registered exports of copra and coconut oil from the Philippine Republic during January-April have been revised to 218,202 long tons, oil equivalent basis (*Foreign Agriculture*, June 1).

EXPORTS OF COPRA AND COCONUT OIL FROM THE PHILIPPINES

Destination	January-April		
	1963 [1]	1963 [1]	1964 [1]
	Long tons	*Long tons*	*Long tons*
Copra:			
United States	245,293	62,775	56,725
Europe	623,693	177,244	174,179
South America	16,970	5,000	1,000
Japan	38,977	15,500	9,250
Other Asia	500	—	500
Middle East	3,250	3,250	140
Total	928,683	263,769	241,794
Coconut oil:			
United States	183,648	55,344	51,154
Europe	28,489	900	11,660
South Africa, Rep. of	—	—	640
Total	212,137	56,244	63,454

[1] Preliminary.

Compiled from monthly data on registered shipments.

U.S. Exports of Instant and Roasted Coffee Up

In the first quarter of 1964, U.S. exports of both instant and roasted coffee were up from a year ago and about twice as large as imports.

January-March 1964 trade, with comparable 1963 data in parentheses, was as follows (in thousands of pounds): For instant coffee, exports 4,013 (3,851), imports 2,001 (1,609); for roasted coffee, exports 2,013 (1,379), imports 977 (1,641).

Net exports of instant coffee for all of calendar 1963 amounted to 8,191,763 pounds; total exports were 14,492,-

199 pounds, of which 43.4 percent went to Japan, 20.3 percent to the United Kingdom, and 17.6 percent to Canada. For the same period, the United States had net imports of roasted coffee amounting to 706,841 pounds.

EEC Cocoa Imports Smaller

Imports of cocoa beans by the European Economic Community during 1963 totaled 352,417 metric tons, a drop of 8,671 tons from the previous year. Processors were reluctant to build up inventories because of the higher price of cocoa beans during 1963. Smaller imports were made by all members except Italy, which showed an increase of 2,434 tons. Grindings in the six countries amounted to 351,400 tons, 2 percent above 1962.

Associate Overseas Territories of the EEC (mainly the Ivory Coast, Cameroon, and Togo) supplied 40 percent of the 1963 imports. These countries have a tariff advantage over "third" country suppliers, and importers have been buying an increasing percentage of their requirements from the AOT's. The EEC usually accounts for one-third of world cocoa bean imports, and together with the United States and the United Kingdom, it makes up three-fourths of the world market for cocoa. In the past 3 years, its imports have been as follows:

Destination	1961	1962	1963
	Metric tons	*Metric tons*	*Metric tons*
West Germany	125,475	136,980	134,141
Netherlands	109,140	103,180	100,880
France	59,178	69,225	64,743
Italy	36,008	36,803	39,237
Belgium-Luxembourg	14,748	14,900	13,416
Total	344,549	361,088	352,417

East Africa Exports Molasses

The first consignment of export bulk molasses from East Africa was scheduled for loading during May in Mombasa, Kenya. The molasses is being supplied by one factory in Kenya and one in Tanganyika. The first shipment, amounting to 14,500 long tons, was destined for South American countries.

Brazil Carries out Coffee Acreage Decrease

As of December 31, 1963, Brazil reportedly had eliminated 587.5 million coffee trees under the eradication program of GERCA (Executive Group for the Rationalization of Coffee Culture). This is almost one-third of the total number of coffee trees (2 billion) scheduled to be eradicated under the present plan, which officially got underway on June 23, 1962. In 1961, Brazil's total coffee tree population was around 4 billion.

Coffee growers thus far have shown only limited interest in replanting new coffee trees under the GERCA program. As of December 31, 1963, GERCA had financed the planting of only 410,000 new trees. However, the growers are permitted up to 4 years to replant at their convenience, and one new tree still may be planted for every four old trees eradicated.

The eradication of coffee trees, as of the end of 1963, has freed around 1,675,000 acres for diversification to other commodities.

Under Brazil's Sugar Production Expansion program, 29 new sugar mills (out of a total of 50) reportedly are to be constructed in coffee-producing States, with a total production capacity of 10.5 million bags of 60 kilograms each (equivalent to 694,450 short tons of sugar).

GERCA will cooperate financially in this sugar program, financing coffee grower cooperatives for the production of 6 million bags of sugar. GERCA has already requested Brazilian Finance authorities (SUMOC) to release for this purpose 33.6 billion cruzeiros (U.S. $28 million—converted at the May 8 official free market rate of Cr. $1,200 per U.S. dollar).

Cocoa Producers Alliance Drafts Agreement

The Technical Committee of the Cocoa Producers Alliance, which met recently in London, has drawn up a Draft Agreement to regulate cocoa bean sales to the world market. The Alliance members have banded together in an effort to halt the present decline in cocoa prices and to restore them to a level more remunerative to producing countries.

The Draft Agreement will now be submitted to member countries of the Alliance (Ghana, Nigeria, Brazil, Ivory Coast, Cameroon, and Togo, which produce four-fifths of the world cocoa crop). If approved, it is expected to become operative beginning with the October-September 1964-65 marketing season. Additional storage facilities and processing plants under construction in several member countries will improve the Alliance's ability to withhold supplies from the world market if financing of this scheme is possible. The next meeting of the CPA is scheduled for September at Rio de Janeiro, Brazil.

Finland Ups Its Exports of Butter

Finland's exports of butter in 1963, at 36 million pounds, increased 60 percent over the low level of 1962. Sales to the United Kingdom accounted for 91 percent of total exports. Of the remaining 9 percent, 2 million pounds went to West Germany and 1 million to Switzerland.

Exports continued to expand in the first quarter of 1964, rising to 13 million pounds from 1 million in the same quarter of 1963. Most of the increase was in sales to the United Kingdom—10 million pounds compared with 654,000. West Germany's purchases were up slightly to 892,000 pounds. Small sales also were made to Switzerland and Czechoslovakia, which had taken no Finnish butter in the first quarter last year.

Argentine Grain Exports Up 26 Percent

Argentine grain exports during July-March 1963-64 totaled 4.4 million metric tons and showed an increase of 26 percent over the same period a year ago. All grain increased with the exception of corn.

World Agricultural Production and Trade—Statistical Report for May 1964 carries a table with details.

U.S. Feed Grain Exports Increase 13 Percent

U.S. feed grain exports totaled 11.9 million metric tons for July-March 1963-64 compared with 10.5 million metric tons for a similar period a year earlier. Larger shipments of corn were responsible for the increase as other grain continued to be less.

A table with a detailed analysis was published in the *World Agricultural Production and Trade—Statistical Report* for May 1964.

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India's Cotton Crop Sets New Record

India's 1963-64 cotton crop is presently estimated at 5.0 million bales (480 lb. net), 100,000 bales above a year ago. The current crop was grown on an estimated 19.5 million acres. An excellent crop in Central and Northern India more than offset a poor crop in Gujarat State.

Imports of cotton into India have been very low so far this season. Total imports during the August-March period of the current season were 391,000 bales, compared with 554,000 during the same period of 1962-63. However, imports are expected to increase substantially during the remainder of the season, following the recent import allocation of 300,000 bales of U.S. cotton under P.L. 480, of which purchase authorizations covering 150,000 bales for shipment by the end of July have been confirmed.

Quantities imported from major sources in August-March 1963-64, with comparable 1962-63 figures in parentheses, were the United States 197,000 bales (242,000), Egypt 100,000 (66,000), Sudan 65,000 (133,000), Kenya 10,000 (24,000), and Aden 7,000 (6,000).

Cotton consumption by Indian mills during the August-January period of the current season totaled 2,485,000 bales, 8 percent above those in the same period a year ago. Mill consumption should reach 5.0 million bales for the entire season. In addition, nearly 300,000 bales enter into nonmill consumption, including the famed hand looms and the small installations of power looms. The high level of consumption this season was made possible by large carryover stock from last year's record crop, a strong domestic demand for textiles, an increase in the number of spindles, and the promise of another record crop this season. As a result of larger supplies of indigenous cotton, Indian consumption of foreign cotton declined 154,000 bales, or 41 percent, during the August-December period compared with a year ago. With the population increasing at a rate of 10.0 million per year, a continued rise in cotton consumption is necessary for the maintenance of the present annual per capita use of 16 yards.

Much of the handloom production is fine fabrics for sarees, which require 80s-100s count yarns made from imported extra long staple cotton. However, shortages of imported cottons have caused mills to resort to spinning lower count yarns.

New Cotton Mill for Quebec

Dominion Textile Company Limited recently announced that it will construct a $12-million cotton spinning and weaving mill at St. Jean, Quebec. The plant, first new cotton mill to be constructed in Canada in 40 years, is scheduled for completion in March of 1965. The 800-loom mill, to be operated by Richelieu Textiles Limited, a newly formed subsidiary of Dominion Textiles, will employ 350 people in an area where there is currently a labor surplus.

South Africa Establishes A Peach Control Board

South Africa has established a statutory marketing board under the Marketing Act controlling peaches intended for canning. The *Fruit Intelligence* of London reports the principal powers of the Board as follows:

- To determine minimum prices at which producers may sell peaches to canners;
- To require that all sales of peaches to canners shall be on the basis of written contracts between producers and canners, and that such contracts shall at least provide for prices according to grade;
- To prohibit from time to time the sale of certain grades;
- To advise the Ministry in regard to the grading of peaches;
- To collect funds for price stabilization and research work.

The National Marketing Council has reportedly been investigating the possibility of establishing marketing schemes for pineapple, apricots, peaches, and tomatoes intended for canning. The Council had assisted the Apricot and Peach Growers Association in drawing up a draft scheme for both peaches and apricots intended for canning, but the final scheme was limited to peaches only. Compared with most other schemes, the peach scheme is said to be a relatively simplified one, mainly confined to orderly price formation and to supervision over the orderly marketing of canning peaches. No interference in the flow of peaches was envisaged. The provisions of the scheme are intended to allow free competition to function more effectively within the framework of existing marketing channels.